SECOND REVISION

GENERAL SURVEY

OF

CONDITIONS IN MANCHOUKUO

WITH SPECIAL EMPHASIS ON ECONOMIC DEVELOPMENTS

PREPARED BY
THE DEPARTMENT OF FOREIGN AFFAIRS
MANCHOUKUO GOVERNMENT
HSINKING

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GENERAL SURVEY OF CONDITIONS IN MANCHOUKUO

I. INTRODUCTORY REMARKS

Manchoukuo has progressed and developed in the face of various difficulties and handicaps, both internal and external, and noteworthy achievements have been made in all fields of administrative and other activities since its establishment on March 1, 1932. The foundations of the State have been consolidated, and administration in all departments has been vastly improved, while the nation's financial, economic and industrial establishments have made a good start towards the accomplishment of their desired results. At the same time, construction work at the capital and other large cities of the country has already shown considerable progress, and trade with various foreign countries has become exceedingly active.

It is the aim of this paper to give a brief account of the establishments and activities of this Government as outline material for study. The data contained herein relate to conditions as existed in November, third year of Kangtê (1936), and have been assembled by the Foreign Office with the kind assistance of the different Departments and Bureaux of the Government.

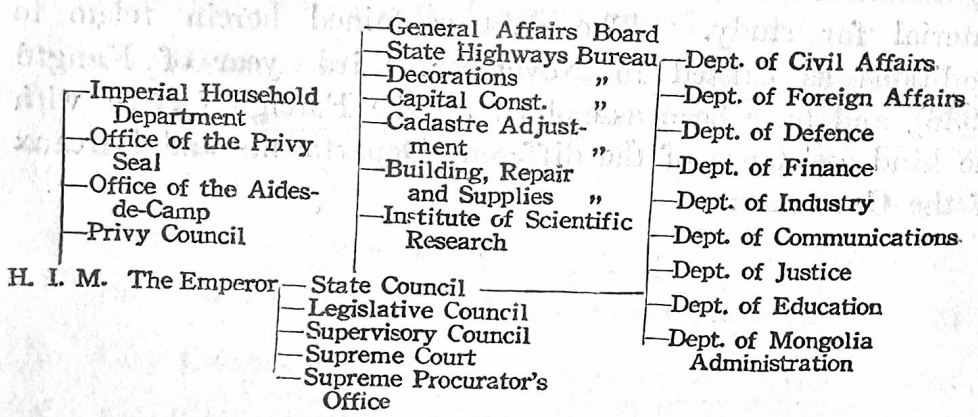
II. GOVERNMENT

1. Internal Administration

Manchoukuo came into being on March 1, 1932, in response to the will of the people, and adopted Tatung as the name of the new era. On March 9 of the same year the Chief Executive was installed in office, the Organic Law and the Law Guaranteeing Civil Rights were issued, thus formally establishing the Central Government with its seat at Hsinking.

Two years later, i. e., March 1, 1934 (first year of Kangtê), a monarchical form of government was created. The Chief Executive, in accordance with the will of Heaven and the wishes of the people, became the first Emperor of Manchoukuo. A new set of laws and regulations to conform to the change of government were promulgated simultaneously.

An abridged chart showing the organization of the central government and the incumbents of the leading posts may be given as follows:



Occupants of Leading Posts

Privy Council	
President	Tsang Shih-yi
Legislative Council	
President	Vacant
Imperial Household Department	
Minister	Hsi Chia
State Council	
Premier	Chang Ching-hui
Supervisory Council	
President	Lo Chen-yu
Department of Civil Affairs	
Minister	Lu Yung-huan
Department of Foreign Affairs	
Minister	Chang Yen-ching
Department of Defence	
Minister	General Yu Chih-shan
Department of Finance	
Minister	Sun Chi-chang
Department of Industry	
Minister	Ting Chien-hsiu
Department of Communications	
Minister	Li Shao-keng
Department of Justice	
Minister	Feng Hang- ching
Department of Education	
Minister	Yuan Chen-to
Department of Mongolia Administration	
Minister	Chi-mo-te-sai-mu-pei-lo
Supreme Court	
President	Lin Chi
Supreme Procurator's Office	
President	Li Pan
Ambassador to Japan	Hsieh Chieh-shih
Consul at Shingishu	Yuan Tao
Consul at Chita	Li Yi-shun
Consul at Blagovestchensk	Chi Piao
Trade Commissioner at Berlin	Hiyoshi Kato

In December, 1934, a great reform was effected in local administration. The four former provinces—Fengtien, Kirin, Heilungkiang, and Jehol—were redivided into 10 provinces, as shown in the accompanying table, in addition to the four Hsingan provinces. As a result of this reorganization, the control of the Central authorities over the provinces has become more effective, local administration has been simplified and better coordinated. The work of the counsellors and advisory police officers, who have been appointed to the different hsien and banner governments, has been successful in improving local administration, creating greater sense of security in the minds of the people. Moreover, on March 26, 1936, the Municipality Law was promulgated, and on April 1 of the same year three new Municipalities, Fengtien, Kirin and Tsitsihar, were created.

Prior to 1932 little effort was made to obtain reliable census in this country. In that year the population of Manchoukuo was estimated at 30,000,000 souls. Rapid increase immediately followed with the great influx chiefly of Chinese, Chosenese and Japanese. The total population reaches 34,200,923 excluding those of S. M. R. Zone and Kwantung Leased Territory, according to the latest Government figures, showing an increase in round figures of about 840,000 per year.

Table Showing Area and Estimated Population

Provinces or Districts	Sq. Km.	Population
Kirin	89,910.352	5,101,996
Lungkiang	125,536.551	2,252,954
Heiho	109,813.005	55,045
Sankiang	107,544.608	976,503
Pinkiang	143,425.463	4,480,325
Chientao	29,394.896	615,484
Antung	48,225.735	2,791,537
Fengtien	85,546.224	9,659,791

Chinchow	39,461.643	3,560,214
Jehol	96,585.470	2,782,818
Hsinking Sp. Municipality	191.000	248,426
Harbin Sp. Municipality	929.500	458,379
West Hsingan	80,410.550	454,155
South Hsingan	79,021.515	621,504
East Hsingan	106,751.007	71,335
North Hsingan	160,395.731	70,457
	1,303,143.250	34,200,923(※1)

※1. As in Dec., 1935.

N. B. The area of the S. M. R. Zone (295 sq. km.) is included in the above figures but not that of the Kwantung Leased Territory (3,462.34 sq. km.). The combined population of the S. M. R. Zone and Kwantung Leased Territory, which is excluded from the above table, as on October 31, 1936, was 1,676,640, including 371,191 Japanese, 34,715 Chosenese and 2,646 Europeans and Americans.

Table Showing Foreign Residents in Manchoukuo

(As on June 30, 1936)

(excluding Kwantung Leased Territory and S. M. R. Zone)

Japanese	154,188	Latvians	214
Chosenese	805,289	Americans	182
Soviets	7,880	French	199
Emigrant Russians	44,888	Czecho-Slovakians	160
Poles	1,283	Danes	144
British	333	Others	616
Germans	352	Total	1,015,728

As a result of series of intensive campaigns against the bandits, the major outlaw groups have been completely wiped out. Moreover, with the establishment of the peace preservation organizations among the civilians throughout the country, closer co-operation between the military and the police, the normal state of peace and order has been practically restored. Most of the remnant bandits lurk about in the wooded regions near the northeastern border, who still, often with the aid and encouragement from abroad, menace the

inhabitants. Constant drives are being made against these outlaws and efforts are also being made to confiscate the weapons illegally possessed by the people, to reduce the number of the so-called vigilance corps of the professional type, and to give work to the roaming outlaws, who surrender to the authorities.

2. Foreign Affairs.

Shortly after the founding of the State, the Government liquidated all the debts contracted by the former regime from foreigners, making cash payments to the amount of M¥ 2,810,000 and payments in bonds totalling M¥ 5,500,000. Since its establishment, Manchoukuo has continued to adjust and improve her domestic affairs, as well as to promote cordial relations with neighbouring states, which fact is openly recognized by foreigners visiting this country, including the well known F. B. I. Mission headed by Lord Barnby. (Refer to the "Report of Mission to the Far East, August--November, 1934" by Federation of British Industries, 21, Tothill Street, London, S. W. 1)

In reviewing the diplomatic events of this country, special mention must be made of the de jure recognition accorded this nation by the Empire of Japan on September 15, 1932, by the signing of the Manchoukuo-Japan Protocol which provides for the cooperation of the two nations in the matter of national defence. Relations between the two nations have been most cordial since.

This has been especially so following the visit to this country in June, 1934, of H. I. H. Prince Chichibu and that of the Emperor of Manchoukuo to Japan in April, 1935. These Imperial visits are epochal events in the history of the Far East to whose peace and stability they have made a marked contribution.

For the promotion of closer economic intercourse between the two countries, an agreement relating to the establishment of a Manchoukuo-Japan Joint Economic Commission was signed on July 15, 1935, at Hsinking.

Taking into consideration the recent progress of the administrative and judicial systems of Manchoukuo, the Japanese Government announced its intention on August 9, 1935, to relinquish voluntarily extra-territorial rights in this country, as well as to transfer or adjust the administrative rights in the South Manchuria Railway Zone, which rights the Japanese have enjoyed since the close of the Russo-Japanese War by virtue of the Portsmouth Treaty. An Extra-territoriality Abolition Committee was organized by Manchoukuo in 1934 to arrange matters in preparation for the achievement of this great task. This Committee worked in close cooperation with a similar committee organized by the Japanese Government. Following a series of conferences by representatives of the two Governments, a treaty for the partial abolition of extra-territoriality and the adjustment and transfer of the administrative rights over the South Manchuria Railway Zone, which are to be effected by gradual steps, was concluded between the two Empires on June 10, 1936 at Hsinking. The treaty became effective on July 1, and stipulates, as the first step, that Japanese subjects in this country shall be governed by the provisions of the administrative laws and ordinances of Manchoukuo concerning their residence, taxation and industries. This is an epochal event in the history of Manchoukuo, and not only will it do a great deal for perpetuating the inseparable relationship between the two nations, but will also have a far-reaching effect upon the international position of Manchoukuo.

On June 29, moreover, another treaty was concluded with Japan for the reciprocal protection of industrial

property. The treaty, which came into force on July 1, was the first step taken by Manchoukuo towards the realization of international protection for her industrial rights.

When the Imperial regime was established in this country in March, 1934, official messages of felicitation arrived from nine different states of the world, viz., El Salvador, Turkey, Liberia, Lithuania, Santo Domingo, Nepal, Bolivia, U. S. S. R. and the Holy See. The Republic of El Salvador gave de jure recognition to Manchoukuo under date of March 3, 1934, informing this Government that she would permit immigrants and others from Manchoukuo to enter her country without restriction.

The Holy See, under date of April 18, 1934, notified this Government of its decision to form a separate mission field in Manchoukuo, independent from that of China, and appointed Monsig. Bishop A. Gaspais as Acting Apostolic Delegate. This notice, originally given this Government by Bishop Gaspais, was confirmed on August 2, 1934, by an official communication from His Eminence Pierre Cardinal Fumasoni-Biondi, prefect de la S. Congregation de la Propagande. At the same time, His Eminence in his communication to the Manchoukuo Foreign Minister stated that the Catholic missions in this country would gladly contribute to the moral and intellectual development of the country according to the disposition of the Manchoukuo authorities.

The Manchoukuo-Soviet negotiations for the transfer of the Soviet interests in the North Manchuria Railway to the new State, conducted in Tokyo since June, 1933, came to a successful conclusion on March 23, 1935, when an agreement stipulating the cession to Manchoukuo of the rights of U. S. S. R. concerning the Railway at the price of ¥ 140,000,000 in Japanese currency (in addition to retiring

allowances to the Soviet employees of the line approximating ¥30,000,000), was formally signed between the plenipotentiaries of the two nations. The negotiations for the improvement of the navigation conditions of the Amur and other border waterways, conducted almost simultaneously between the two countries, likewise came to a happy conclusion and an agreement was signed by the representatives of the two countries on September 4, 1934. It is true that a number of border disputes have since occurred, but, provided Soviet Russia does not attempt to ignore the legitimate rights and interests and welfare of the people of Manchoukuo, controversies between the two nations ought to be settled amicably and in a manner satisfactory to both sides. In fact through the good offices of the Japanese Government, efforts are being made to create mixed commissions for the pacific settlement of border disputes and demarcation of frontiers.

In view of the fact that not only are the peoples of Manchoukuo and Outer Mongolia brotherly related to each other but have also a common border extending over 700 kilometres, the Government of Manchoukuo have been endeavouring for the establishment of normal, neighbourly relations between the two peoples.

A conference was opened at Manchouli in June, 1935 between the delegates of this country and Outer Mongolia for the establishment of friendly relations between the two countries and the settlement of border disputes, which unfortunately came to a deadlock in November of the same year due to Outer Mongolia's obstinate and seclusive attitude.

Again from October 15, 1936, another conference at Manchouli between the two countries is being held for the creation of mixed commissions, one for the demarcation of the boundary and another for the settlement of border disputes.

The Chitung Autonomous Government, which was set

up in North China in November, 1935, sent its good-will mission to this country in April this year, and the latter returned the courtesy in May. This event is regarded as a precursor to the re-establishment of happy relations between the peoples of this country and China.

With the rapid advancement of Manchoukuo's economic and industrial conditions, there has been a growing desire among foreign nations to enter into formal trade relations with this country notwithstanding the non-recognition policy of the League of Nations. On April 30, 1936, a trade arrangement was concluded between this country and Germany, providing for the importation by Germany of Manchurian products to the amount of 100,000,000 yuan in value during one year, and that of German products by Manchoukuo to the amount of 25,000,000 yuan. The arrangement came into force on June 1, this year and the Manchuokuo Trade Commissioner to Germany, Hiyoshi Kato, has already opened his office in Berlin, while the German Trade Commissioner, Dr. Karl Knoll, is expected to arrive in this country soon.

The fact that the interest of foreign nations in this country has increased can be seen from the growing number of European and American visitors to this country.

N.B. 1. There is at present a Manchoukuo Embassy at Tokyo and consulates at Shingishu (Chosen), Chita and Blagovestchensk (U.S.S.R.), and office of the Trade Commissioner at Berlin.

2. Diplomatic and consular establishments of foreign nations in this country are as follows:

Japanese Embassy at Hsinking.

Japanese Consulates-General at Hsinking, Mukden, Harbin, Kirin, Tsitsihar and Lungchingtsun.

Japanese Consulates at Antung, Yingkow, Paitsokou, Chihfeng, Tunghua, Taolu, Hunchun, Manchouli, Chengchiatun, Toutaokou, Chinchow, Hailar, Suifenho, Yenki, Tumen, Tunhua, Chengtê, Fuyu, Shanchengchen, Heiho, Paichengtze, Chiamussu and Mutankiang.

British Consulates-General at Mukden and Harbin.

British Consulate at Yingkow.

American Consulates-General at Mukden and Harbin.

French Consulates at Mukden and Harbin.

U.S.S.R. Consulate-General at Harbin.

U.S.S.R. Consulates at Heiho, Suifenho and Manchouli.

German Consulates at Mukden and Harbin.

Italian Consulate at Harbin. (Consulate-General to be established soon in Mukden.)

Dutch Consulates at Harbin and Yingkow (Hon.).

Belgian Consulate at Harbin.

Danish Consulate at Harbin.

Norwegian Consulate at Yingkow (Hon.).

Polish Consulate at Harbin.

Czechoslovak Consulate at Harbin.

Portuguese Consulate at Harbin.

At Dairen, Kwantung Leased Territory

American Consulate.

British Consulate.

U.S.S.R. Consulate.

German Consulate.

French Consulate (Hon.).

Dutch Consulate (Hon.).

Swedish Consulate (Hon.).

Finnish Consulate (Hon.).

Belgian Consulate (Hon.).

Esthonian Consulate (Hon.).

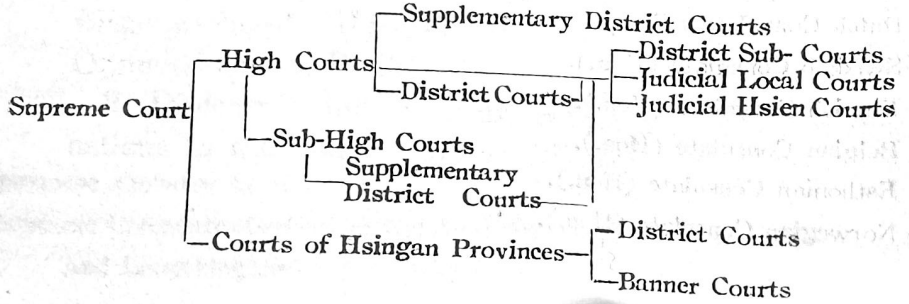
Norwegian Consulate (Hon.).

III. JUDICIARY

The present judicial system of Manchoukuo is based upon the Organic law promulgated on March 1, 1934, and in accordance with this law various improvements have since been effected, seeking to give fair and speedy trial to all.

Preparations are at present progressing for the complete abolition of extra-territoriality, a system which places restrictions upon the sovereignty of this State. A general program has already been mapped out for the improvement of courts and prisons, as well as for the establishment of a new system of judicial police and new procurator's offices. For the training of competent judicial officers, a number of judicial experts from Japan have been engaged as advisers and instructors. A law school for training Manchurian judicial officers has been established. Simultaneously, the police system is undergoing improvements with the aid of Japanese police instructors and experts. In fact, more than M¥ 8,000,000 was set aside in the budget for the fiscal year 1934 for such purposes, and more in the succeeding years.

The crowning defect of the old regime was the want of a central and well organized judiciary. Laws were dead letter without efficient courts to expound and define their true meaning and operation. In brief the organization of the courts of Manchoukuo today is as follows:



IV. CULTURE AND EDUCATION.

Public education in Manchoukuo, except in the Hsingan provinces, comes under the jurisdiction of the Department of Education. In Hsingan Provinces, education, although in accordance with the policy as outlined by the Department of Education, is governed by the Department of Mongolia Administration so that special care and attention can be given to the population in this respect.

Work in this field is being organized into three departments, namely, school education, social education and cultural work. The primary object of school education is character building, with the principle of equal opportunity for all as the foundation of the whole educational system. In the place of anti-foreignism which the former regime fostered, the ideas of "Wangtao" are inculcated in the minds of the children. Compilation of new text-books is progressing rapidly and in most of the schools the new text-books are already in use. Practical vocational training is another important work of the schools.

1. Schools

A. Primary schools now number roughly 13,100 with 960,600 pupils and 24,800 teachers. Each primary school is divided into lower (4 yr.) and upper (2 yr.) courses. Efforts are made to increase these institutions gradually and also to improve the quality of teachers.

B. Middle schools number 178. Students total 32,900 and teachers 1,660. Lower and upper middle school courses each run for three years.

C. Vocational education is given at most of the upper middle schools but in addition there are also independent vocational schools which number 51, with

8,270 students and 580 teachers.

D. Normal training. Importance is attached to the training of good teachers, for which reason a higher normal school was established in Kirin in September, 1934. Besides there are some 80 ordinary normal schools with 7,600 students and 630 teachers.

E. Technical schools of higher grade number seven including the above-mentioned Kirin Higher Normal school. Students total 1,500 and teachers 250.

2. Social and Cultural Education.

In the field of social education, the national traits of the people and the actual conditions of the country are given due consideration. A five-year program is being worked out for adult education. Cultural work covers a vast field of activities, and it must of necessity proceed gradually.

Beginning 1934 an annual subsidy of M¥ 40,000 is being granted from the national treasury to improve and expand the work for adult education. In all some 2,400 schools now exist for adults. In addition there are about 80 popular educational institutes and 60 popular lecture halls.

A National Library was established in Mukden in April, 1932, while in June, 1935, a National Museum was opened also in Mukden, which contains memories of the country's once illustrious history. These institutions will undoubtedly help to promote the nation's cultural enterprises. The authorities have already taken steps to preserve historic buildings and relics throughout the country. The lama temples and other architectures in Jehol are receiving special attention of the Government which decided to expend M¥ 23,000 for preliminary investigation necessary for their permanent preservation.

V. FINANCE

1. General Remarks.

It is much to the credit of this nation that such a rapid and sound development has been made in the field of national finance and currency in so short a time since the founding of the State. The guiding policy for national finance has always been to stabilize the financial basis without increasing tax burdens and economic pressure on the people and by a complete overthrow of the financial policy of the former militarist regime.

Manchoukuo's national budget estimates since its foundation are as follows: (Unit: M¥ 1,000)

	Revenues (Total)	Expenditures (Total)
First Fiscal Year (July, 1932—June, 1933)	113,308	113,308
Second Fiscal Year (July, 1933—June, 1934)	149,169	149,169
Third Fiscal Year (July, 1934—June, 1935)	188,725	188,725
Fourth Fiscal Year (July 1,1935—Dec. 31, 1935)	104,998	104,998
Fifth Fiscal Year (January 1,1936—Dec. 31, 1936)	219,405	219,405

The budget for the 1936 fiscal year may be itemized as follows:

Revenue Estimates Ordinary.

	M¥ 161,757,000
Taxes and Duties	84,761,000
Customs Duties	53,148,000
Internal Revenue	23,848,000
Salt Gabelle	

Stamp Revenue		8,639,326
Monopoly Bureau Profits		13,234,000
Salt Transportation Office Profits		2,600,000
Revenue from State Industries and Other Sources		7,003,730
Total	M¥	193,234,056

Revenue Estimates Extraordinary.

General	M¥	4,099,678
From Special Accounts		2,925,489
Loan Funds		10,000,000
Surplus from Previous Year		9,145,777
Total	M¥	26,170,944
Grand Total	M¥	219,405,000

Expenditures

Dept. of Imperial Household	M¥	2,000,000
General Affairs Board		48,914,521
Dept. of Civil Affairs		40,073,711
Dept. of Foreign Affairs		1,531,347
Dept. of Defence		73,545,130
Dept. of Finance		25,394,281
Dept. of Industry		5,623,368
Dept. of Communications		4,115,722
Dept. of Justice		9,886,130
Dept. of Education		5,090,043
Dept. of Mongolia Administration		3,230,747
Total	M¥	219,405,000

2. Reduction of Tax Burdens.

The Government has incorporated in its social and industrial policies a system of gradual reduction of internal taxes and readjustment of various other duties and levies. Besides the unification of business taxes and readjustment of the foodstuff tax, the Government has effected the reduction or the abolition of some sixteen different taxes, such as land and business taxes, salt surtax, cigarette tax, etc., relieving the people of tax burdens amounting to about M¥ 26,000,000. In view of the importance of salt in the daily life of the people, the authorities have lowered the price of this commodity. This fact plus the realization that the Government officials are no longer bent upon exploiting or squeezing the people as in the olden days but are asking for the payment of only lawful and reasonable taxes, has encouraged the people to meet their tax obligations willingly and the result has been an increase of national revenues year by year.

Tax revenues for the 1932 fiscal year totalled M¥ 98,559,790.87, and those for the 1933 fiscal year M¥ 137, 876,377.28, while those for the 1934 fiscal year increased to M¥ 161,453,929.52. Customs revenues which are increasing every year in proportion to the increasing imports constitute about 50% of the total taxes. The old Import and Export Tariffs have also been partially revised in view of the rapid changes in the economic and industrial conditions of the country.

3. Government Monopolies.

A. Reduction of Salt Price

a. As a means of lightening the tax burdens of the people and suppressing the smuggling of salt in the Korean border districts, the Government, since September, 1933, has

reduced the price of salt in the Chientao district by sums ranging from M¥ 2.20 to M¥ 3.55 per picul.

b. For the relief of the inhabitants of Kirin and Heilungkiang Provinces who suffered greatly during the old regime, the authorities have cut down the salt price by M¥ 1.00 per picul since March, 1934, although this has resulted in the decrease of the monopoly profits by M¥ 1,100,000. Moreover, the Government is now making preparations for the enforcement of a salt monopoly law on Jan. 1, 1937. It is expected that the people's burdens will be lightened by about M¥ 4,100,000 annually by this step.

B. Opium Monopoly.

The opium monopoly system has been instituted for the purpose of eliminating the evil practice of opium-smoking and controlling the smuggling of opium and cultivation of poppy. The profits from the monopoly are set aside to cover the expenditures for the control and relief of opium addicts as well as for anti-opium educational campaign.

C. Oil Monopoly.

For the purpose of developing oil resources, aiding its manufacture and adjusting supply and demand, as well as rationalizing the price, the Government instituted an oil monopoly system which came into force on April 1, 1935. Due regard for the interests of established enterprisers has been shown by the authorities who have expressed their willingness to buy the business equipments of these persons at reasonable prices.

D. Match Monopoly.

The match industry is also a Government monopoly. The present system, however, being the system of the old regime provisionally adopted by the new State, has many defects. The Government, therefore, is going to remove these

defects by enacting a new match monopoly law soon.

4. National Loans and Sinking Fund.

Although the Government makes it a point not to float loans to cover any revenue deficit, the following national loans and cash debts were contracted by January, this year:

		Loans	Cash Debts	Total
Domestic	M¥	61,825,250	52,946,452.46	114,771,702.46
Foreign	G¥	98,000,000	18,290,000.00	116,290,000.00

(A) Loans

1.	Old Foreign Claims Liquidation Fund Loan ..... M¥	5,147,950.00
2.	Shen-Hai, Hu-Hai, Tsi-Ko Railway Expropriation Fund Loan	11,928,000.00
3.	Loan for Paying Bonus to Customs Staff	3,599,300.00
4.	Central Bank of Manchou Loss Compensation Loan	33,000,000.00
5.	State Founding Bonus Loan	8,150,000.00
	Total	61,825,250.00
1.	State Founding Loan ..... G¥	28,000,000.00
2.	First Enterprises Loan	10,000,000.00
3.	First N.M.R. Loan	30,000,000.00
4.	Second N.M.R. Loan	30,000,000.00
	Total	98,000,000.00

(B) Cash Debts

1.	National Highways Construction Fund ..... M¥	7,000,000.00
2.	Forestry Recovery Fund	1,689,526.70
3.	Capital Construction Fund	8,000,000.00
4.	State Founding Fund (Central Bank Shares)	7,500,000.00
5.	Opium Monopoly Fund	2,600,000.00
6.	Cities Construction Fund	2,500,000.00
7.	Manchou Development Co. Investment Fund	3,000,000.00

8. Harbin Electric Co. Investment Fund		9,456,925.76
9. General Accounts Fund for 2nd Year of Kangtê		5,000,000.00
10. Investments Special Account Fund for 2nd Year of Kangtê		4,500,000.00
11. Supplies Special Account Fund		200,000.00
12. State Properties Adjustment Fund		1,500,000.00
Total		52,946,452.46
1. Debt from Bank of Chosen	G¥	18,000,000.00
2. State Highways Repairs Fund		200,000.00
Total		18,200,000.00

In addition to the above, cash debts to the amount of M¥ 18,952,081.42 have been contracted by the provincial governments.

In conformity with the practice of preserving international good faith, the Government has put aside a special sinking fund to meet its due share of foreign loans secured on the revenue of the Chinese Maritime Customs and receipts from the Salt Gabelle as follows:

1932	M¥	13,386,192
1933		11,848,655
1934		6,420,188
1935		5,012,598
1936		10,324,687
Total	M¥	46,992,320

Furthermore, the Government has since the 1933 fiscal year put aside a sum equivalent to ten per cent of the surplus of the total annual revenue as a sinking fund to cover the national loans in general. The sum put aside for this purpose in 1936 was M¥ 1,865,155.

VI. CURRENCY AND BANKING.

1. Situation under the Old Regime.

It may perhaps not be amiss to give an illustration of the abuses of the official banks by the former Manchuria militarists and the resulting disorder in financial and business circles of the country, which stand in sharp contrast with the state of affairs under the new regime.

In former days, Chang Hsueh-liang and his military clique exerted undue pressure upon the banks by abusing their official positions. The militarists unscrupulously ordered issues of indefinite amounts of paper money for creating war funds at their whim and will. From 80% to 90% of all Government revenue went to the coffers of these warlords as compared with 26.5%, in the 1932-1933 budget and 28.1% in the 1933-1934 budget appropriated to the Department of Defence in the new Government budgets. Valueless paper notes were issued and circulated by the official banks by order of the generals, the figure swelling to several billion yuan. Consquently, the market quotations of most of these notes dropped to the bottom.

The official banks, too, utilized the generals under the old system and greatly accelerated the fall of the currency. With depreciated notes, these banks bought up practically all of the Manchurian staple goods every year from the farmers. At this juncture the banks would issue fresh notes to buy up the depreciated ones already in circulation and reap huge profits. The banks thus profited at the cost of the worthless notes which they themselves issued.

This state of affairs naturally led to the indiscriminate and reckless issue of notes and gave rise to a countless

number of money exchangers in cities and towns, resulting in great confusion and causing considerable inconvenience to the people.

2. Central Bank of Manchou.

In order to remedy the helpless situation mentioned above, the Central Bank of Manchou was established at Hsinking on June 15, 1932, the first year of Tatung, with a capital of 30,000,000 yuan (Manchoukuo national currency), of which 7,500,000 yuan was at once paid in. The amalgamation of the four old note-issuing banks, the Bank of the Three Eastern Provinces, the Bank of Kirin Province, the Bank of Heilungkiang Province and the Frontier Bank with the new Bank took place on July 1, when the latter opened its business. The Bank has 147 branches, including agencies throughout the country, and 19 correspondent banks abroad. (Refer to "The Central Bank of Manchou and Laws Relating thereto" published by Manchoukuo Foreign Office, 1932, and also "The Central Bank of Manchou" issued by the said Bank, 1935).

In the formation of the new Central Bank three important objectives were laid out:-

1. To unify and stabilize the currency;
2. To function not only as a central banking institute for Manchoukuo, but also to engage in general banking business and give necessary aid to enterprises;and
3. To effect the unity and control of monetary system, to perfect the various financial organs, and to assist in the development of credit system.

As a result of the merger of the aforementioned four banks with the new, the notes issued by the old banks were taken over by the new institution together with all assets and liabilities. In order to ascertain the assets of the o ld baks,n

a special committee was appointed and all deficits found in consequence of such an enquiry were compensated for by the Government.

3. New Currency.

Twenty-three point ninety-one (23.91) grammes of pure silver constitute the unit of monetary value of the new currency, the Yuan, which is in circulation in the country now. Equipped with ample reserves and thanks to the wise management of the currency on the part of the Central Bank, together with the well-advised policy of the Government which refrains from putting any pressure upon the bank, the notes issued by the Bank have been stabilized in value and have gained the universal confidence of the people. The amount of notes in circulation at present reaches about M¥ 205,459,000.

The Central Bank took over from the old banks, which were amalgamated into the former, assets and liabilities amounting to M¥ 433,000,000. Of this amount the liabilities requiring liquidation totalled M¥ 198,000,000. These were paid off with the assets of the old banks, including reserves and deposits of the former military regime, amounting to M¥ 165,000,000, and by the issuance of 5 % bonds in April, 1933, for the payment of the remaining sum of M¥ 33,000,000. In June, 1933, a corporation named Tahsing Co. capitalized at M¥ 6,000,000 was established to take over the pawning, brewing and sundry goods businesses operated and controlled by the old banks. In this way, the Central Bank has come to function as the true central financial institution of the country.

The total amount of reserves of, and the amount of bank notes, and subsidiary coins issued by the Central Bank of Manchou as at the end of November, 1936, follow :

Note issue	M¥ 205,459,864
Reserves	M¥ 136,809,467(66.6%)
Security Reserves	M¥ 68,650,398
Subsidiary Coins	M¥ 20,418,580

In June, 1933, the Government authorized the Central Bank to purchase gold by promulgating the Gold Purchase Law. Simultaneously it proclaimed the Gold Export Embargo Law for the purpose of preventing the undue outflow of gold from the country and expediting the purchase of gold by the Central Bank.

4. Unification of Currency.

a. Of the old bank notes amounting in the new national currency to M¥ 142,234,881 comprising 15 kinds and 136 denominations, outstanding at the time of the establishment of the Central Bank, a total of M¥ 138,200,000 or 97.2% had been redeemed by the Bank up to the end of June, 1935.

In order further to carry out the unification and stabilization of the new national currency, the Government, on November 3, 1933, abolished Kuoluyin Silver in circulation in Yingkow, and also forbad transactions in Chenping Silver at Antung on and after November 1, 1934. Simultaneously the Government announced that Kuoluyin Silver would be exchanged for the new Manchoukuo currency at the rate of 4 taels of the former for one Yuan of the latter. The exchange rate of Chenping Silver was fixed at 70.2 taels of Chenping Silver to 100 Manchoukuo Yuan.

b. At the end of October, 1935, the amount of Bank of Chosen notes in circulation in Manchoukuo, including the S.M.R. Zone, was roughly estimated at ¥ 50,000,000. The Japanese Government, recognizing the intent of the Manchoukuo Government to stabilize the exchange rate of the

national currency against the Japanese currency, decided early in November, 1935, to render every possible assistance to strengthen further the basis of our monetary system. It decided upon the fundamental policy of withdrawing from circulation in Manchoukuo the notes of the Bank of Chosen which had more or less hindered the stabilization of our currency, and expressed its intention to induce Japanese officials and people resident in this country to use our money as far as possible. Such steps on the part of the Japanese authorities have greatly contributed toward the complete unification and stablization of the Manchoukuo currency, which is pegged at par with the Japanese "Yen" at present.

Furthermore, on Nov. 30, 1935, the Government promulgated the Exchange Control Law and related Departmental Orders in order to cope with the abnormal economic conditions of the world and to safeguard the value of the national currency against those of foreign currencies. The law and orders became effective on Dec. 10th of the same year.

c. Taking into consideration the shortage of subsidiary currencies and the consequent inconvenience to general business transactions, the Government has authorized the Central Bank's mint at Mukden to strike coins of small denominations. Nickel coins of M¥ 0.10 and M¥ 0.05 denominations were issued for the first time on May 20, 1933 and M¥ 0.01 and M¥ 0.005 copper coins on August 1, 1933.

5. Improvement of Banking and other Financial Facilities.

a. To aid the sound development and proper control of banking, the Government promulgated a new Banking Law in November, 1933.

b. Encouraged by the favourable results of the two

credit associations which were created in 1932 in Fengtien Province, to aid the rural communities, the Finance authorities in 1933 inaugurated eight similar associations in Fengtien, two in Kirin and one in Heilungkiang Provinces. In the meantime great progress was made and in November, 1936 there were 103 Rural Credit Associations whose members numbered about 137,799. The total loans amounted to M¥ 11,033,000 and deposits M¥ 4,989,000. Since 95% of the total loans are for agricultural development the Rural Credit Associations are extremely important organs for the benefit of the farmers, and therefore, the Government is doing its utmost for their sound development granting subsidies and non-interest funds.

c. Coupled with the credit associations referred to above, the Government intends to grant special licenses to chartered banking firms for the issue of premium bonds whereby they may be able to advance long-term low-interest loans to farmers and small industrialists.

d. The Government also plans to create and subsidize a larger number of credit associations for the specific purpose of improving the finances of small and middle class farmers, merchants and minor industrialists. Such associations would be subject to appropriate regulations and supervision by the Government. At the same time, the Government is planning to assist and exercise necessary control over pawnshops of which there are about 720 at present. By these and other means under consideration it hopes to improve the financial facilities of the people.

e. The Finance authorities of the Japanese Government which have hitherto allowed the Bank of Japan, Bank of Chosen, Bank of Taiwan, and Industrial Bank of Japan to accept Manchoukuo Government bonds only as securities, have

recently agreed to let these banks accept also as securities, shares issued by private corporations of this country at large.

f. On November 21, 1936, it was announced by the Government that the "Industrial Bank of Manchou" would be established and would begin business from January 1, 1937 for the chief purpose of securing smooth circulation of money throughout the country and furnish long-term low-interest funds required for the development of various industries.

The proposed Industrial Bank is to be a Special corporation of Manchoukuo with authorized capital of M¥ 30,000,000 and, into this bank will be merged all the offices of the Shoryu and Manshu Banks and branches in Manchoukuo of the Chosen Bank, excluding those within the Kwantung Leased Territory.

6. Financial Facilities.

a. Lower Interest Rates: During the former regime, interest rates remained very high owing to the reckless market operations of the Government banks. For instance, the interest rates of the Bank of the Three Eastern Provinces remained as high as 5.4% on current accounts and 15% on bank advances per year at Harbin, and 5.5% and 15% respectively at Mukden. The Central Bank since its inauguration in July, 1932, has several times reduced its interest rates, first in September, 1932, and lastly in May, 1936. Rates on advances per 10,000 yuan on merchandise, for example, have been reduced from 3.30 per diem to 2.00, on securities from 2.83 to 1.80, on warehoused cereals from 3.30 to 2.00, on immovables from 3.30 to 2.00, on other collaterals from 3.30 to 2.00, and discounts from 2.83 to 1.70 and overdrafts from 3.60 to 2.00. Rates on deposits have likewise

been lowered: current accounts from 0.50 to 0.30 per diem, special accounts from 0.83 to 0.70, deposits at notice from 1.00 to 0.90 and fixed deposits (1yr.) from 7.2% to 4.7%.

b. Popularization of Government Bonds: In view of the fact that almost all domestic bonds issued by the Government are held at present by the Central Bank, the authorities are planning to popularize the bonds with the object of obtaining industrial capital from the people at large, and to find ways and means of according preference to transactions in national bonds so that financial control by the Central Bank may be made more effective.

c. Advances to Farmers: In April, 1933, the Central Bank, by authorization of the Government, started advancing loans for spring cultivation at a low interest rate to the rural communities of Fengtien, Kirin, Heilungkiang, Hsingan and other provinces. Such loans made by the Bank totalled M¥ 14,454,000 in November, 1936.

VII. ECONOMIC AND INDUSTRIAL ACTIVITIES.

Manchoukuo is endowed with fertile farm lands, dense forests and rich mineral and fishery resources, but in the former days no efforts were made to develop these resources scientifically for the good of the people as a whole. On March 1, 1933, this Government published a general outline of economic construction in order to rationalize, as well as unify, various economic activities and designated the goal toward which efforts should be directed. According to this outline, there are four basic policies as follows:

Firstly, the interests of the people as a whole will be made the key-note and efforts will be made to prevent any exclusive class of people from monopolizing the benefits of the exploitation of natural resources and the development of industries, and to enable all to enjoy such benefits.

Secondly, in order to develop all natural resources most effectively and to secure a coordinated development of every branch of economy, national control will be exerted on important economic activities and measures for their rationalization devised.

Thirdly, in the work of unlocking resources and encouraging industries, the principle of the open door and equal opportunity will be observed. In the spirit of this principle, capital investments from various parts of the world will be welcomed, while appropriate and effectual use will be made of the technical skill and experience and other essence of civilization, taken from advanced nations.

Finally, with a view to harmonizing and rationalizing economic relations among Eastern Asiatic countries, and in view of the close economic inter-dependence between Japan and this country, emphasis will be placed upon securing

cooperation between the two nations, and thereby rendering more intimate the relationship of mutual assistance.

These four policies being fundamental in the projected economic construction, they will be thoroughly and scrupulously observed in all cases so as to insure their complete execution.

Based upon the fundamental policies listed in the foregoing, this Government will seek to control its national economy within the scope of the following limits considered as the most feasible and best under the present circumstances:

(1) As a principle, those enterprises which are important from the standpoint of national defence, or which are in the nature of public utility or direct public benefit will be conducted by special companies under official management.

(2) Industries and resources not included within the above category will be left to the free management of private persons. Proper and necessary adjustment will be effected in the spheres of both production and consumption in order to promote national happiness and welfare, as well as to maintain the livelihood of the people.

With the object of facilitating and rationalizing the development and utilization of natural resources, the Institute of Scientific Researches was established by Imperial Ordinance No. 18, promulgated in March, 1935. The Institute is an independent bureau under the supervision of the Prime Minister and its staff is composed of scholars and experts in various branches of science.

1. Agriculture.

Manchoukuo, with large tracts of land with one of the most fertile soils in the world, is chiefly a farming country. Agriculture is the backbone of national economy upon which are based almost all our industries, trade and commerce, and communications. Staple products constitute about 70 % of the total exports from this country. Of the 34,200,923 souls,

nearly 85% are engaged in agriculture, while out of the total area of 300,000,000 acres, some 83,000,000 acres are estimated to be arable, of which about 39,000,000 acres are cultivated. In other words, at present, about 27.6% of the total or about 46.9% of the arable land is tilled leaving 53.1% yet to be cultivated. Staple farm products include soya beans, kaoliang, millet, maize, wheat, rice, hemp and perilla seeds. According to the official crop forecast for 1936, the estimated yields of the chief farm products for the year excluding those of Jehol and Hsingan Provinces, will be as follows (in metric tons): soya beans 4,175,453, kaoliang 3,980,665, millet 3,037,575, maize 2,099,134, wheat 882,675, rice 437,960, upland rice 136,463, perilla seeds 140,530, hemp seeds 33,507, other crops 1,350,936. Soya beans, together with their by-products, bean-oil and bean-cake, constitute the most important articles of export and have firmly established markets abroad. Manchoukuo produces fully 60% of the world's output of soya beans. The total export of soya beans, bean cakes, and bean oil in 1935 amounted to 47,608,355 piculs valued at M ¥ 201,555,349 constituting nearly 50% of the value of the total export trade of the country. The commodities are mostly exported to Japan, China and Germany and the export of soya beans, bean cakes and bean oil in 1935 was as follows:

Soya beans	29,203,888 piculs	(M¥ 130,053,055)
Bean cakes	16,925,382 ..	(M¥ 51,370,086)
Bean oil	1,479,085 ..	(M¥ 20,132,208)

The demands for soya beans and their products are increasing abroad as materials for making "flavour-powder", bread and cakes, vitamin B, margarine, cheese, sauce, paint, tallow, varnish, soap, glycerine, linoleum, and also as fertilizers, foodstuff and fodder. Kaoliang supplies domestic needs as a foodstuff and fodder—more than 90 % of the

supply being consumed at home. It is also regarded as excellent material for dextrin industries.

In view of the important position held by this country as a granary of the world, the Government is making investigations and taking various measures to increase the yield of the above-mentioned produces as well as to raise raw cotton, wheat, leaf tobacco, hemp, wild silk, beet, fruits and vegetables. Among other things there has been a gradual increase in the production of perilla seeds in Manchoukuo. Much is expected from the perilla as an oil producing material, as oleoresin (fat oil) is the principal element of the perilla seed. Due to its excellent exsiccating power, the perilla seed oil has an extremely wide range of use, such as for the production of paint, varnish, linoleum, as well as for ink, raincoats, umbrellas, waterproof paper and cloth and others. An agricultural experimental station was established at Chinchow in 1932 to promote the cultivation of raw cotton and leaf tobacco, and another at Koshan in 1933 to improve and increase the growth of soya beans and wheat in North Manchuria. There are today such stations at Harbin and Chiamussu also, besides a number of Farm Experimental Stations, Laboratories, etc. conducted by S. M. R. Co. at Kungchuling, Hsiungyocheng, Chengchiatun and other places. Also the Training school for agricultural and forestry technicians was established at Hsinking in 1934, and that for veterinary surgeons at Mukden in 1933. As for raw cotton, the Government, in 1933, inaugurated the Raw Cotton Association with branches at the various cotton producing districts with the object of studying ways and means to raise 150,000,000 catties of raw cotton by bringing some 750,000 acres of land under cultivation within the next 20 years. It also formed in 1934 the Manchuria Raw Cotton Co., whose purpose is twofold: to aid the farmers to sell their cotton

without losses and to improve the quality of cotton. A silk conditioning house, with branch offices at Haicheng and Kaiping, was opened at Antung in 1935, to improve wild-silk crops.

To assist agriculture scientifically the Government, furthermore, erected the Central Meteorological Observatory in Hsinking in 1933, and local observatories at Heiho, Hailar, Fuchin, Suifenho, Harbin and Chihfeng. Similar Stations were also established at Koshan, Manchouli, Hsingan, Mutankiang and Solun. Crop forecasts are issued yearly following joint investigations by the Departments of Industry and Mongolia Administration and the S. M. R. Co. As already mentioned elsewhere, the Government gives various aids to the farmers, including, among other things, subsidy to the "associations for the joint sales of staple products".

2. Forestry.

Magnificent virgin forests, "Seas of Forests", are found in the northeastern sections of Manchoukuo and for the purpose of their preservation and securing their rational management, authorities of the new regime have stopped the granting of fresh forest concessions and have commenced to classify forests into three categories, viz., State, public, and private. At the outset the authorities took over the various forests of the Central Bank in Kirin Province as State forests, for which purpose the sum of M ¥ 2,000,000 was appropriated in the 1933 supplementary budget. Some 350 species of timber, red and white pine, larch, walnut, birch, elm, etc. being most numerous, are found in the forest regions located in the Yalu Valley, Tumen Valley, Mutan Valley, Lalin Valley, Sanhsing District, Great Hsingan Range and Small Hsingan Range. The total area of these forests is estimated at 22,000,000 hectares with about 3,700,000,000 cu. m. of timber, 2,230,000,000 cu. m. of which

are latifoliate trees and 1,470,000,000 acerose trees. Prior to 1931 forests and the related business had been under the supervision of various Provincial and District Government offices, the cousequence of which was the extremely ununified control. Upon the establishment of the new State the general supervision was entrusted to the Department of Industry under which exist 23 forestry offices throughout the country today. These forestry offices are located at Chaoyangchen, Antung, Tunghua, Fusung, Antu, Hunchun, Yenki, Tunhua, Hwatien, Kirin, Wuchang, Harbin, Ningan, Muling, Poli, Ilan, Tangyuan, Tungho, Suihua, Hailun, Peianchen, Nonkiang, and Heiho. A five-year programme for the investigation of forests by means of aerial photography is also being carried out. Moreover the Manchuria Forestry Company, a special Manchoukuo corporation capitalized at M¥ 5,000,000 has been established with the development of forestry resources and the smooth supply of lumber as its objectives. It is expected that with the progress of forest investigations and enactment of new forestry laws and regulations, the most scientific and up-to-date management of forests will become possible in the near future. There are at present five private concerns which are engaged in the manufacture of pulp.

3. Stock-farming.

Ample possibility exists for Manchoukuo to become a first-rate stock-raising country, provided adequate scientific management is employed. Cattle, horses, donkeys, sheep, pigs, goats, chickens, ducks and geese are found in large numbers in this country. Conservatively estimated, the horses total 1,840,000, mules 618,000, donkeys 627,000, cattle 1,428,000, sheep 3,000,000, and hogs 5,108,000. Farmers are generally engaged in stock-farming as an avocation, but in Hsingan Provinces it is the principal occupation of the Mongols, who raise a large number of cattle, horses and sheep.

The authorities are effecting improvements in stock-farming by a careful distribution of superior imported breeds of various animals, by creating better pastures, establishing live-stock breeding farms and other necessary facilities such as a training school for veterinary surgeons at Mukden, and by sending out anti-epidemic injection parties for the prevention of contagious diseases. In 1933 the authorities prepared a programme for the raising of 2,000,000 horses of improved breed by organizing the Horse Administration Bureau, which conducts horse racing at Harbin, Hsinking and other cities from time to time in accordance with the Horse Race Law. Stud farms have been opened at Hailar and Taonan, and a programme is under way to increase their number in the future.

As for the improvement of sheep, the authorities are planning to establish State sheep farms for securing 15,000,000 sheep of improved breed during the next five years. The cross between Mongolian and merino sheep has so far been most satisfactory.

4. Mining.

Manchoukuo produces gold ore, alluvial gold, iron, copper, lead, zinc, silver, iron sulphide, coal, magnesite, oil shale, and other minerals which are almost indispensable to economic development and national defence. Of these, coal, iron, alluvial gold, magnesite and oil shale are the most important with estimate deposits of each in the above order amounting to 4,800,000,000 tons, 1,221,500,000 tons, M¥ 600,000,000, 5,000,000,000 tons and 5,400,000,000 tons.

The Government issued a new mining law and related laws and orders on August 1, 1935, which were put into force on Sept. 1, 1935.

The exploitation of mineral resources will be carried out in accordance with following policies:

1. Coal mining will be controlled by the Government to secure rational exploitation, a cheap supply of fuel, the development of productive industries and increase in exports.
2. Special corporations of a semi-official nature will be formed for the investigation, management and exploitation of those mines which are essential to national defence.
3. The management and operation of State-owned gold ore and alluvial gold mines in certain designated areas in North Manchuria, will be entrusted to these special companies, while proper guidance and assistance will be given by the authorities in the development of private gold or alluvial gold mines.

With the foregoing policies in view, the Government is at present readjusting various mines and conducting surveys regarding the economic value and conditions of the mines. At the same time it has established the Manchuria Petroleum Co., the Manchuria Coal Mining Co., the Manchuria Gold Mining Co., and the Manchuria Mining Development Co., to secure a rational management and development of the oil and mineral industries.

It is estimated that there is in this country a total gold deposit of about M¥ 600,000,000. The various rivers and their tributaries in Central and North Manchuria are rich in alluvial gold while deposits of gold ore are found chiefly in Jehol, Fengtien and Chientao Provinces.

The Manchuria Mining Development Co., a special corporation, with a capital of M¥ 5,000,000, was incorporated in 1935 and, is authorized to operate in certain districts, for the time being, those mines which are considered especially important from the standpoint of national defence and national economy. Private interests will be also allowed to

operate in these districts by signing special lease contracts with the Company.

Recently much experiment is being carried on with coal liquefaction. It is expected that the S. M. R. Co. will soon engage in this business on a large scale. In April of this year a Coal Liquefaction Co. capitalized at M¥ 5,000,000 was established in accordance with the Laws of Manchoukuo.

The Government is considering the establishment of a gold refinery, a fuel research institute, a mineral laboratory, and a mineral products museum, all under State management, to assist and encourage private mining enterprises, secure gold markets so that their products may be turned into cash promptly, and in general to contribute to the development of the mining industries. As administrative organs for the development of mining, the Government has established Mining Inspectorates, one each at Mukden, Kirin, Chengtê and Tsitsihar.

5. Fisheries.

The fishing industry in this country is still in a primitive stage of dovelopment, although a considerable quantity of fish is caught in the Gulf of Pechili, the Yellow Sea and inland waters, the annual catch amounting to about M¥ 8,000,000, M¥ 5,500,000 of which is composed of clear water fish. Clear water fishing industry is carried on chiefly in North Manchuria, particularly in and along the Sungari River and its tributaries where about 70% of the total catch is made. At present there is only very little fishing carried on in the Argun and Amur Rivers by the people of our country.

Through the dissemination of fishing knowledge and the improvement of fishing methods and implements, coupled with the natural breeding and artificial culture of fish, the

Government intends to improve and increase the fishery resources of the country. For this purpose fisheries experimental stations will be established in the near future. With the foregoing objects in view the Provisional Industrial Research Bureau has been conducting extensive and thorough investigation concerning fishing industry in the internal waters. The Yingkow Fishery Office, which had been under the supervision of the local authorities, was recently placed under the direct control of the Department of Industry in order to secure better coordination and control.

6. Salt Industry.

The salt industry in this country was unusually brisk in 1933 owing to the restoration of peace and order within the country and the increased export of salt to Japan for industrial purposes. The output of salt in 1932 was 3,700,858 piculs, in 1933 it was 5,273,216 piculs, in 1934, 2,804,463 piculs and in 1935, 6,605,156 piculs. Exports to Japan reach over 4,000,000 piculs annually.

With the object of increasing the production of salt, improving its quality, and lowering its price, the authorities have stationed experts at various salt fields to undertake the improvement of the fields and the manufacturing process. At the same time the Government is conducting an investigation of promising salt fields. The Government has also established the Manchuria Salt Industry Company with the authorized capital of M¥ 5,000,000 to attain the object as outlined above, producing 1,700,000 tons annually by the end of 1944. Thus, it will not be difficult to double the present yield with a corresponding increase in exports before long.

7. Manufacturing Industries.

In spite of the existence of such potential factors as motive power, ample fuel and labour resources, the manufacturing industries in Manchuria lagged behind for a long time,

with the exception of a few special industries, owing to the lack of scientific equipment and shortage of capital. In recent years, however, various industries have undergone gradual development, and at present such industries as oil refining, wild-silk reeling, flour milling, electricity and gas, iron works, timber, match, paper, soap, glass, tile and brick, tanning, and cotton spinning are in operation in different parts of the country.

Coupled with the aid of the aforementioned potential factors, the strenuous efforts of the Government are accelerating the development of modern industries. With the increased cultivation and improvement of wheat, raw cotton, wool and hemp, for which the Government is now directing its efforts, the flour milling, cotton spinning, hemp manufacturing and woollen textile industries will naturally see greater development. Chemical industries including the light metal industries, and the manufacture of soda, oil shale products, cement, pulp, alcohol and sulphate of ammonia will likewise be developed.

Learning from the experiences of other countries the Government is working for the national development of industries by instituting necessary measures in order to exercise intelligent control over various industries, instead of leaving them entirely to the free and indiscriminate exploitation of entrepreneurs. With respect to the electric light and gas enterprises, which form the basis of modern industries and which are indispensable to the maintenance of the present cultural life of the people, the Government is endeavouring to remove unnecessary and wasteful competition and lack of technical uniformity. With this object in view, and to effect a thorough readjustment of the existing electrical enterprises and bring them under a unified management, all existing electrical companies, both Manchurian and

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Japanese, were amalgamated into the Manchuria Electrical Enterprises Co. Ltd., in November, 1934.

To secure a cheap supply of electricity, the Government has officially fixed the frequency at 50 cycles. At the same time it is considering the promulgation of new regulations concerning the electrical industry, and also an Industry Act and an Industrial Union Act for the regulation of factories. Proper guidance and aids to the middle and smaller class manufacturers, as well as encouragement to improve the quality of goods intended for export are also being eagerly carried out by the authorities.

8. Commerce.

In the statement on economic construction issued on March 1, 1933, the Government announced its intention to give "every assistance and encouragement to general commerce" and enhance its prosperity by securing smooth transactions and finding markets in all parts of the world.

Although internal trade in Manchoukuo, like in any other country, is of primary importance among economic activities-the home consumption of goods and services by a population of over 34,000,000 requiring enormous expenditure of economic activity-domestic trade in Manchoukuo is still in the early stages of development. It is only in the principal cities along the railways that trade is carried on by modern methods. In the remote regions the barter system is still in practice. This is due to three factors, namely, the lack of communication facilities, the infantile state of various industries, and the bitter experiences of the people from the reckless issuance of worthless paper notes by the fomer regime, which they were compelled to accept in payment for their farm products bought up by the offical grain companies or agencies operated by the government. The interests of the farmers who comprised the bulk of the population, as well as

of the merchants, were ignored, and their economic advancement was artificially frustrated.

There is still need of reorganizing and rationalizing the channels of transactions, and at the same time improving the various commercial organs. Stated in a more concrete manner, the municipal markets and the produce exchanges, as well as the traditional systems of management and organization of business houses—all must be altered along more rational lines; the warehousing and insurance businesses must also be developed, and the chambers of commerce placed under unified control in order to facilitate their activities. With these reforms in mind, the present Government is studying the question of revising the old laws governing exchanges, insurance business and chambers of commerce. Regulations governing the central wholesale market were issued in October, 1934.

With the object of introducing Manchurian products abroad, the Government participated in the Chicago Centenary Exposition in 1932, and the Dairen Exposition and the Nagasaki Industrial and Tourist Exposition the following year, as well as in those held at Kumamoto, Kure, Yokohama, and Taihoku in 1935, and Yokkaichi, Gifu, Fukuoka and Toyama in 1936.

9. Foreign Trade.

As the industries of Manchoukuo are still mostly in their infancy, its chief exports are farm products, such as soya-beans, bean-cake, bean oil, groundnuts and millet with mineral products chiefly coal, and lumber and simple manufactures from these products ranking next. The principal imports are cotton textiles, iron and steel, and wheat flour followed by chemical products, machinery and other manufactures of the mechanical industry, and foodstuffs. Since the founding of the new State there has been a tremendous

increase in the importation of building materials and materials for railway construction.

The history of the foreign trade of modern Manchuria may be traced back to 1864 when Newchuang (Yingkow) was opened as a treaty port. Imperial Russia's advance into Manchuria, followed by Japanese commercial activities after the Russo-Japanese War, greatly stimulated trade especially at such centres as Antung and Dairen. The trade of Dairen, in particular, witnessed tremendous growth, its total volume reaching in 1929 the record figure of G¥ 1,162,000,000. The world-wide depression, coupled with unstable internal conditions, subsequently reduced this figure somewhat, but since the founding of Manchoukuo, there has been a rapid recovery.

A feature of Manchuria's foreign trade for nearly 20 years prior to the birth of the new nation was its continued excess of exports over imports. After 1932, however, imports have exceeded exports, due chiefly to the importation of materials necessary for the various building and other construction works now proceeding briskly.

Trade figures for recent years may be given as follows:

Manchoukuo's Total Foreign Trade. (1931-1935).

(Unit: M¥)

	Exports	Imports	Total
1931	739,271,685	341,599,692	1,080,871,377
1932	618,156,837	337,672,748	955,829,585
1933	448,477,605	515,832,425	964,310,030
1934	448,426,567	593,562,248	1,041,988,815
1935	421,077,753	604,149,359	1,025,227,112

Values of Exports: By Countries.

(Unit: M¥ 1,000)

Countries	1935	1934	1933	1932
Japan (excluding Chosen)	183,524	172,265	177,327	192,684
Chosen	33,761	46,832	32,414	43,178
China	65,336	65,299	71,771	183,230
U. S. S. R.	4,662	8,423	13,360	34,411
Hongkong	7,559	6,849	6,499	5,667
British India	2,690	646	1,091	2,131
Netherlands Indies	701	1,710	4,050	5,417
Great Britain	24,231	16,189	8,823	11,065
France	3,570	2,921	2,548	3,074
Germany	32,799	53,310	66,395	74,073
Belgium	1,148	1,190	281	1,509
Netherlands	10,075	8,080	5,914	6,312
Italy	3,864	4,309	1,855	2,210
U. S. A.	15,590	5,960	7,604	5,078
Others	31,568	54,443	48,546	48,118
Total	421,078	448,426	448,478	618,157

Values of Imports: By Countries.

(Unit: M¥ 1,000)

Countries	1935	1934	1933	1932
Japan (excluding Chosen)	434,274	383,270	313,749	182,921
Chosen	22,283	25,321	26,159	14,240
China	32,156	57,537	79,821	61,113
U. S. S. R.	1,168	4,880	7,568	7,523
Hongkong	2,762	3,597	8,006	9,008
British India	23,866	23,961	14,703	20,666
Netherlands Indies	5,062	6,695	3,324	241
Great Britain	9,458	9,298	7,190	8,015
France	463	541	779	1,114
Germany	14,673	12,507	10,577	6,511
Belgium	1511	704	1,291	905
Netherlands	815	388	427	364
Italy	1,357	702	459	150
U. S. A.	24,936	35,289	28,962	20,068
Others	29,365	28,872	12,817	4,834
Total	604,149	593,562	515,832	337,673

N. B. For details refer to "Annual Returns of the Foreign Trade of Manchoukuo" 1933, 1934 and 1935 published by the Department of Finance.

10. Trade Marks.

In September, 1933, the Trade Mark Law and the Detailed Regulations for the Enforcement of the Trade Mark

Law were promulgated by the Manchoukuo Government. Since their enforcement on November 20 of the same year up to the end of September, 1936, the Government had received a total of 20,937 applications for trade mark registration, which, classified according to the nationalities of the applicants, consisted chiefly of the following:

Manchurian	612	Swiss	234
Japanese	15,532	French	321
German	1,427	Chinese	99
American	1,176	Others	202
British	1,334		

The number of applications from nationals of countries which have not yet recognized the new State, is steadily increasing, but the Government does not make any discrimination between these applications and those of its own people and Japanese. In fact it recognizes the right of Britons and Germans to act as official agents through whom trade mark applications may be submitted to the Government.

11. Patents and Designs.

The Government promulgated the Patent and Design Laws in April, 1936, and put them into force on June 15th of the same year. It will be noted that the industrial property system of Manchoukuo has thus been perfected by the enforcement of these laws, together with the Trade Mark Law, which has been in force since November, 1933.

The number of applications for patents and designs since the enforcement of the Patent and Design Laws up to the end of October, 1936, is as follows:

Patents

Nationality	No. of applications	No. of patents granted
Japanese	3,551	219
German	995	122
American	74	5
French	21	
Lichtenstein	18	
British	13	
Swiss	13	
Swedish	3	
Others	31	2
Total	4,719	348

Designs

Nationality	No. of applications	No. of designs registered
Japanese	619	48
American	13	
German	5	
Chinese	2	
British	2	
Total	641	48

12. Weights and Measures.

Various standards of weights and measures had been in use in this country, to the great inconvenience of dealers and customers alike. Generally speaking, they may be classified into Chinese, Japanese and Russian systems, the international metric, and the British "foot-pound" systems. Each has its own particular field of use, the Chinese system being employed among the Manchurians and Chinese, the Japanese among the Japanese, the Russian among the Russian population, and the metric and the foot-pound standards among those having transactions with the South Manchuria Railway Co. In order to reform this confused state of affairs, the Government, on January 25, 1934, promulgated the Weights and Measures Law, stipulating that for general transactions and for purposes of certification, the international metric system or the new "chih-chin" system should be used. (See Weights and Measures Law of Manchoukuo, pp. 102-105, Information Bulletins, February, 1934, published by the Department of Foreign Affairs.) In September, 1935, a measurement law was enforced to unify

all weights and measures which were excluded from the Weights and Measures Law of 1934.

Under the present system all implements for weights and measures must be duly inspected and authenticated by the authorized public weighers and measurers located in towns and country before such implements can be used for business transactions.

VIII. COMMUNICATIONS AND TRANSPORTATION

1. Railways and Motor Bus Service.

Railways in Manchoukuo comprise the State railways, extending in January, 1936, 7,423.4 km., the South Manchuria Railway, 1,129.1 km. (including the S. M. R. in the Kwantung Leased Territory), and private railways extending 353.1 km., totalling 8,905.6 km. in length. At the end of 1931, shortly before the founding of Manchoukuo, the total length of all railways in Manchuria was 6,252.3 km., 2,653.3 km. less than the present length. Of the State railways the following were constructed since March 1, 1932 up to January, 1936.

Tunhua-Tumen line ..... 192.0 km.
Opened for business, Sept., 1933.

Taian-Peian line ..... 102.6 km.
Opened for business, Dec., 1933.

Peian-Hailun line ..... 106.0 km.
Opened for business, Dec., 1933.

Laha-Nungho line ..... 38.8 km.
Opened for business, Dec., 1933.

Kaishantun-Chaoyangchuan line ..... 59.5 km.
Opened for business, Apr., 1934.

Lafa-Harbin line ..... 271.7 km.
Opened for business, Sept., 1934.

Chinlingsze-Lingyuan line ..... 156.8 km.
Opened for business, Dec., 1934.

Peian-Chenching line ..... 136.7 km.
Opened for business, Dec., 1934.

Lingyuan-Pingchuan line ..... 87.2 km.
Opened for business, Oct., 1935.

Chenching-Heiho line ..... 166.2 km.
Opened for business, Nov., 1935.

Mutankiang-Linkou line.....111.0 km.
Opened for business, July, 1935.
Yehpeishow-Chifeng line.....146.9 km.
Opened for business, Dec., 1935.
Talai-Paichengtze line.....119.0 km.
Opened for business, Nov., 1935.
Mutankiang-Ningpei line.....248.7 km.
Opened for business, July., 1935.
Hsinking-Talai line.....213.6 km.
Opened for business, Nov., 1935.
Paichengtze-Solun line.....119.0 km.
Opened for business, Nov., 1935.
Linkou-Mishan line.....170.9 km.
Opened for business, Dec., 1935.
Ssupingkai-Hsian line..... 82.5 km.
Opened for business, Dec., 1935.
Linkou-Poli line..... 86.2 km.
Opened for business, Jan., 1936.
Solun-South Hsingan line.....130.8 km.
Opened for business, Jan., 1936.

The southern branch of the North Manchuria Railway line, namely, between Hsinking and Harbin, was changed into that of standard gauge on Aug. 31, 1935. The east-west branch, between Suifenho and Manchouli, with its minor branches is still of the broad gauge totalling some 1,489 km.

The motor bus business has expanded enormously recently with the construction of new highways. On Dec. 31, 1935, there were 125 bus lines operating 873 cars, as the following figures show :

	State	Private	Total
No. of bus lines	55	70	125
Total length	9,935.4km.	4,693.5km.	14,628.9km.
No. of motor cars	331	542	873
Capital Invested	M¥ 2,460,882	3,807,600	6,268,482

All bus services along railway lines or running parallel to such lines, and others over routes which will later become railways, as well as those which play an important role in the opening up of undeveloped regions and in the maintenance of peace and order, and which are not paying propositions, are managed by the State through the General Direction of State Railways as a subsidiary business of the latter. The other bus lines, however, are left to private management.

The Manchoukuo Government entrusted the management and operation of all the Government railways to the South Manchuria Railway Company on and from March 1, 1933, and the latter organized the General Direction, which was merged with the Railway Department of the S. M. R. Co. on November 1, 1936 and which today manages and operates all the Government and S. M. R. Company's railways, most of the bus lines and river navigation.

2. State Highways.

Quite as fundamental as railways and waterways, especially in these days of extensive motor traffic, is a good road system and in this regard Manchoukuo's efforts and accomplishments cannot be passed over unnoticed.

On March 3, 1933, the Bureau of State Highways was established to undertake the building of national highways. In Hsinking, Mukden, Harbin and Tsitsihar local state highway construction offices were opened and each was entrusted with the construction of State roads within its territory. By the end of 1935, the Bureau spent roughly M¥ 21,000,000 for building and improving roads.

By the end of June, 1936, a total of 55 new State highways extending 7,354 km. were completed.

With the object of contributing to the maintenance of public peace, and also facilitating local administration, as well as assisting the economic development of the country, the State Highways Bureau at the outset drew up a road construction programme calling for the completion of 60,000 km. of new highways during the next ten years.

The Highways Bureau's building program includes the following:

A. First class roads (connecting the capital with chief cities or ports)·····12,500 km.
B. Second class roads (between chief cities)·····12,500 km.
C. Third class roads (between hsiens)·····35,000 km.

The progress of the road construction programme is contributing greatly to the restoration of peace and order, and to the development of communications and the improvement of economic conditions. The building of these new highways has enabled motor cars to penetrate into even the remotest parts of the country which could hardly be traversed in the past.

3. Civil Aviation.

Civil aviation, recognized for its great economic importance in the transportation of passengers and supplies to the remote sections of this country, has made rapid strides since the advent of the new State. Since Oct., 1935, the air routes regularly flown by aircrafts have been increased from 4,715 km. to 7,978 km. (Oct., 1936) connecting all the important cities and regions throughout the country. Air navigation in Manchoukuo is operated by the Manchuria Air Transport Company which was established in October, 1932, with a capital of M¥ 3,580,000. Aviation in this country is

favoured by the vastness of territory and suitable climatic and topographic conditions.

The M. A. T. Co.'s lines are connected with the Japan Air Transport Co.'s Tokyo-Dairen line.

4. Rivers and Harbours.

For the purpose of regulating shipping on the rivers in Manchoukuo, the Government has promulgated the River Shipping Law, in addition to establishing navigation bureaux in Harbin, Yingkow and Antung for the administration of matters relating to water courses, harbours, shipping and water transportation in general. The Yingkow Navigation Bureau in January, 1934, took over the Liao River Conservancy Board, which had up till then been operating independently of the Government. This action was taken in view of the difficulties the Board was encountering in carrying out its projects owing to lack of funds.

Steamers and sailing boats operating under the Manchoukuo flag at the end of 1935 numbered as follows:

Registered at Harbin:
121 steamers with 51,134 tons;
290 "tochuan" boats with 77,050 tons;
106 sailing boats with 3,625 tons.

Registered at Yingkow:
56 steamers with 19,799 tons;
251 sailing boats with 7,204 tons.

Registered at Antung:
13 steamers with 690 tons;
105 sailing boats with 2,597 tons.

5. Postal Administration, Telephones and Telegraphs.

The Post Office is under the direction of the Department of Communications and Manchoukuo has some 374 post offices and 1314 postal agencies, as compared with

283 and 720, respectively, in March, 1932. Since July, 1932, postal charges for both domestic and foreign mails have been reduced. Postal savings which were started in May, 1933, now total M¥ 6,488,000 (end of October, 1936). Money orders can be exchanged betweeen this country and Japan, as well as China, Germany, Dutch Indies, Poland, Netherlands and Hongkong. Ordinary mail between Manchoukuo and China, too, is now exchanged without serious hitch, while international postal air service has also been inaugurated.

The telegraph and telephone enterprises were amalgamated into the Manchuria Telephone and Telegraph Company, a Manchoukuo-Japanese joint enterprise with a capital of 50,000,000 yuan in August, 1933. This step was taken to unify and develop the electric communication enterprises in the country. Since its establishment the new Company has instituted various improvements in its services, inaugurating inter alia a wireless telephone service with Japan and wireless telegraph service with France.

Telegraph and telephone offices and sub-offices throughout the country now total 646 (end of June, 1936), nearly four times the number recorded at the time this State was founded.

A 100-kw. broadcasting station, one of the largest in the Far East, was opened in Hsinking in November, 1934, while the stations at Harbin and Mukden were reorganized to meet the requirements of the times.

IX. CITY CONSTRUCTION WORKS.

Hsinking, the Capital.

Hsinking, the capital of Manchoukuo, has within the brief period of five years, grown from a sleepy railway junction town into a fast expanding thriving city with a population of over 300,000. Prior to the establishment of the new State the population had remained stationary at about 130,000.

The capital is in Kirin Province, 702 km. north of Dairen. It is the termini of four railways, the South Manchuria Railway, the southern section of the North Manchuria Railway, the Hsinking-Tumen line and Hsinking Paichengtze line. Before the founding of the new State, the city was known as Changchun. Its area, inclusive of the S. M. R. Zone, the Open Mart, the native town and Kuanchengtze, was then 21 sq. km. Today owing to the rapid expansion of the city, its area, including the new first-stage construction zone, is 200 sq. km. The population is rapidly increasing, and is expected to surpass the half-million mark when the second and third stage projects are finished.

The city is shaped in a rectangular form. Of the total area, 100 sq. km. has been set aside for construction projects for the time being. The area is divided into residential, business, industrial, special districts, etc., as follows: (Official permission is necessary for constructing any establishment within these districts.)

1. For Government buildings..... 6.5 sq. km.
2. For streets, roads, etc..... 21.0 „ „
3. For public use..... 3.5 „ „
4. For parks, grounds, etc..... 7.0 „ „

5. For military purposes	9.0	„ „
6. For residences	27.0	„ „
7. For commercial district	8.0	„ „
8. For industrial district	6.0	„ „
9. For miscellaneous purposes	10.0	„ „
10. For special district (vegetables, domestic beasts, etc.)	2.0	„ „
	100.0	„ „

There are seven highways connecting Hsinking with the other parts of the country as follows:

Hsinking-Nungan-Fuyu	160 km.
Hsinking-Huaité-Kungchuling	100 km.
Hsinking-Mukden via Kungchuling	270 km.
Hsinking-Itung	72 km.
Hsinking-Shuangyang	50 km.
Hsinking-Kirin via Tapinling	114 km.
Hsinking-Harbin via Yaomen	235 km.

The streets in the new construction area are of three kinds, namely, trunk (26 to 60 metres wide), branch (10 to 18 metres wide), and auxiliary (less than 10 metres wide). Both the trunk and branch streets have a section for motor traffic at the centre, with roads for slow vehicles on both sides of it, and sidewalks on the outside for pedestrians. Four rows of trees will enhance the appearance of the streets. The erection of poles for overhead telephone, telegraph and electric wires will be forbidden, all wires being hidden underground. The streets will be built in such a way as to combine the best features of the radiating, square and circular systems of street construction.

Anticipating that the population of this new area will eventually reach half a million, the Capital Construction

Bureau has built a huge reservoir in the basins of the Hsiao and Tai Rivers, tributaries of the Itung River, for supplying water to the capital. The reservoir, which is one of the largest in the Far East, is filled with rain water and water obtained by damming the two tributaries. It holds 27,700,000 cubic metres of water and will be capable of supplying over 40,000 tons daily, which will be more than enough to meet the needs of a population of 500,000. Work on this reservoir was completed in October, 1935, one year and a half after it was started.

An up-to-date sewer system is also being built as part of the capital construction programme. Already 230,000 metres of sewer pipes have been laid in the new area.

Spacious parks will be a feature of the new section of the city. These will occupy seven per cent of the total area of the new town. In the vicinity of the parks are projected a national museum, a huge public library, public auditorium, botanical gardens and a zoo. Athletic fields, a horse race course and golf links have been already completed. Since 1932 to the end of 1935, the Capital Construction Bureau alone expended the total sum of M¥ 21,233,000 and it is roughly estimated that a total of about M¥ 100,000,000 has already been expended for construction in Hsinking. When the present projects are completed, Hsinking will no doubt rank as one of the leading modern cities in the Far East.

Other Cities

Construction works are also progressing rapidly in the other principal cities such as Mukden, Harbin, Kirin, Chinchow and Tsitsihar, as well as in the newly-risen towns along the new railway lines. In these municipalities, however, construction works are undertaken by the local governments.

The city planning committee of Mukden, which is

an important industrial center, is pushing its building program vigorously, to enlarge the city area from the present 28 sq. km. (including S.M.R. Zone, and Open Mart) to 206 sq. km.

Harbin will have an area of 250 sq. km., thrice the present size, when the city planning work is completed.

X. CONDITIONS IN HSINGAN.

The four Hsingan Provinces in the northwestern section of Manchoukuo differ from the other Provinces of the country in various respects. For administrative purposes Hsingan is divided into four provinces, known as North, South, East and West Hsingan provinces. These in turn are divided into banners, which correspond to the hsien (district) in the other provinces. Historically, Hsingan has enjoyed a peculiar administrative system since the time of the Ching dynasty and the Manchoukuo Government, due to the relatively backward conditions and decidedly different manners and customs of the Mongols, established the separate Department of Mongolia Administration in Hsinking, known till Dec., 1934 as the General Administrative Office of Hsingan Province, as the central administrative organ for the four provinces. Each of the four provinces has a provincial office with a governor who is under the direct control of the Minister of Mongolia Administration, as well as a garrison commander. The Department also exercises jurisdiction over Mongols residing in other provinces.

Estimated Population, July, 1936

Provinces	Mongolians	Manchus and Chinese	White Russians	Others	Total
West Hsingan	114,523	339,224	3	405	454,155
South Hsingan	314,447	303,573	..	3,484	621,504
East Hsingan	19,980	47,868	1,344	2,143	71,335
North Hsingan	28,176	24,032	13,469	4,780	70,457
Total	**477,126**	**714,697**	**14,816**	**10,812**	**1,217,451**
Districts outside of Hsingan Prov. and under Dept. of Mongolia Adm.	51,868	222,451	..	357	274,676
Grand Total	**528,994**	**937,148**	**14,816**	**11,169**	**1,492,127**

The policy of the Manchoukuo Government concerning Hsingan Provinces is to administer the territory subject to such local modifications as circumstances may require, giving a system of government most suited to the backward Mongols with the view to improving their standard of living.

Stock-raising and agriculture are the chief industries of these Provinces. Sheep raising is an important occupation of the people. Salt and sodium carbonate are produced in fairly large quantities. Oil, flour, ceramic and woolen industries also exist, but they are as yet conducted on a small scale. The Provinces have promising deposits of gold, coal and mineral oil, and abound in fish. Great forests cover the Great Hsingan Mountain region.

Lama-Buddhism is everywhere the popular religion. The customs and manners of the various banners are on the whole similar, although in those parts which have been developed by Chinese, the Mongols have been assimilated by the Chinese and have adopted customs and manners very similar to those of the latter. The staple food of the people consists of milk, mutton, millet, other cereals, wheat flour and noodle.

Area Under Cultivation (sq. km.), 1936

Provinces	Area	Cultivated
West Hsingan	80,410.5	29,038.7
South Hsingan	79,021.5	33,117.6
East Hsingan	106,751.0	2,244.1
North Hsingan	160,395.7	35.6 (incomplete)
Total	426,578.7	64,436.0
Districts outside of Hsingan Prov. and under Dept. of Mongolia Adm.	16,096.2	11,376.5
Grand Total	442,674.9	75,812.5

As the primary occupation of the Mongols is herding, their villages are small and generally consist of a collection

of 20 or 30 tents (paos) typical of Mongolia. Owing to the inroads of civilization, however, many of them are adopting modern ways of living and building houses for fixed abode.

Number of Live-Stocks in Hsingan Provinces July, 1936.

Name	W. Hsingan Province	S. Hsingan Province	E. Hsingan Province	N. Hsingan Province	Districts outside of Hsingan Province	Total
Cattle	159,844	101,892	6,414	145,946	20,380	434,476
Horses	44,018	36,712	7,297	132,913	48,388	269,328
Goats	126,296	45,459	7o	5,051o	2,382	179,195
Sheep	117,817	37,521	394o	806,186	16,236	978,154
Mules	655o	6,002	352	7o	4,637	11,653
Donkeys	20,709	39,849	809	14o	7,360	68,741
Camels	1,738	399	(No report)	7,393	(No report)	9,530
Pigs	52,124	84,475	9,289	581o	76,234	222,703

o figures incomplete.

Under the former regime the Mongols were despised and treated as an inferior race both by the National Government of China and the then Manchurian authorities, and subjected to all forms of political and economic oppression. Officials took advantage of their lack of education and their lower social position to exploit them at every opportunity. Under the circumstances there was constant friction between them and the Chinese.

With the founding of the new State, however, all this has been changed. The authorities are at present making serious efforts to educate the people (Hsingan Academy to train Mongol youths in technical, industrial and other arts has already been founded) and to develop industrial resources for the welfare of all. The Mongols have been given an important role in the task of founding an ideal State based on harmony among the five races of Manchuria. With the increased responsibilities thrust upon them, the Mongols are awakening, and their future presents an ever brightening picture.

With the Compliments of
The Department of Foreign Affairs
Manchoukuo Government

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